

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

MT. HAWLEY INSURANCE COMPANY,

Plaintiff,

Civ. Action No.: 1:22-cv-10354-GHW

v.

BEACH CRUISER, LLC and
FLYWAY MANAGEMENT, LLC,

Defendants.

**AFFIDAVIT OF ERIC D. WHITE IN SUPPORT OF MT. HAWLEY INSURANCE
COMPANY'S MOTION FOR DEFAULT JUDGMENT**

Eric D. White, being duly sworn, herein deposes and says:

1. I am Vice President, Commercial Transactional Insurance, for RLI Insurance Company. Plaintiff Mt. Hawley Insurance Company ("Mt. Hawley") is a wholly owned subsidiary of RLI Insurance Company and my job responsibilities include underwriting for Mt. Hawley, including supervisory underwriting with respect to the Mt. Hawley policy at issue, as further set forth below.

2. I submit this affidavit based on personal knowledge and the contents of Mt. Hawley's records in support of Mt. Hawley's motion for default judgment against defendants Beach Cruiser, LLC ("Beach Cruiser") and Flyway Management, LLC ("Flyway").

3. Mt. Hawley issued Beach Cruiser a Commercial General Liability Policy (No. GGL0026067) for the period August 31, 2021 to August 31, 2022. See Ex. 7.¹ Subject to all of its terms and conditions, the Mt. Hawley policy includes coverage for bodily injury liability

¹ The exhibits cited herein are to the accompanying Attorney Affirmation in Support of Mt. Hawley Insurance Company's Motion for Default Judgment.

subject to a \$1 million per-occurrence limit. At all relevant times, Beach Cruiser was the owner of 146 President Street, Unit C, Charleston South Carolina, which is a covered location under the policy. Id. (RGBG 670 (05/16)). Flyway also qualifies as an insured under the policy while acting as Beach Cruiser's real estate manager. Id. (CG 00 01 04 13, II.2.b).

4. The Mt. Hawley policy is subject to the "Classification Limitation" endorsement (RGBG 601 (12/16)), which states:

This insurance applies only to locations and operations that are described on forms RGBG 670 Location Supplementary Schedule and RGBG 0010 Commercial General Liability Coverage Part Classifications Descriptions attached to this policy.

If any operation(s) and/or location(s) are not so described, they are not covered hereunder.

5. The "Location Supplementary Schedule" (RGBG 670 (05/16)) lists, in relevant part, 146 President Street, Unit C.

6. The "Commercial General Liability Coverage Part Classifications Descriptions" (RGBG 0010 (11/16)) list, in relevant part, code "63010" for "Dwellings – one-family (lessor's risk only)."

7. As reflected in the policy's declarations and the endorsements, the policy covers Beach Cruiser on an "LRO" basis only. "LRO" is an insurance industry abbreviation for "lessor's risk only."

8. At all relevant times, and subject to all terms and conditions of their respective relevant agreements, Bass Underwriters ("Bass") was a managing general agent for Mt. Hawley with respect to certain insurance policy products and markets, including, as relevant here, the Mt. Hawley policy at issue.

9. In connection with Beach Cruiser's application, Bass accepted and considered the

“Dwelling Supplemental Application” in which Beach Cruiser answered “no” to the question “Are any properties rented by the day or by the week?” See Ex. 10.

10. Under the applicable Mt. Hawley underwriting guidelines, had Beach Cruiser answered “yes” to that question, Bass would have been obligated to contact Mt. Hawley for a determination of whether Mt. Hawley would authorize a quotation.


11. Had Bass contacted me as a result of a “yes” answer to the question regarding daily/weekly rentals, my standard practice would include asking Bass to confirm with the applicant that the property is not rented through Airbnb, Vrbo, or similar platforms.

12. Had Beach Cruiser not answered “no” to the question regarding daily/weekly rentals, and had Beach Cruiser then accurately disclosed that it does in fact rent the property through Airbnb and Vrbo, the risk would have been deemed ineligible pursuant to the underwriting guidelines. See Ex. 13. Mt. Hawley would not have offered a policy to Beach Cruiser.


Dated: March 8, 2023

Respectfully submitted,




Eric D. White

Sworn to before me:


Notary Public

